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## Poland

### Product Brief

### Poultry and Products

**2002**

Approved by:

**Wayne Molstad, Agricultural Counselor**

**U.S. Embassy**

Prepared by:

Piotr Rucinski, Agricultural Specialist

Michelle Gregory, Agricultural Intern

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#### **Report Highlights:**

**In 2001, poultry trade increased, but mainly between Poland and the EU. EU exporters received advantages regarding access which resulted in a decrease of U.S. exports. Consumption is continuing to rise, as Poles favor poultry for its health and cost benefits, a positive trend for importers. New importers may find the easiest market access through established companies. However, U.S. poultry meat may be barred market access to Poland as Poland accedes to the European Union, as early as 2004.**

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## Section I. Market Overview

Poultry is a rapidly-growing sector of the Polish economy with high prospects for importation. Imports of chicken meat increased 35% in the year 2001 alone, with the market showing growth and movement toward stabilization. Poles favor both fresh and processed products, which currently account for 23% of the market. However, as a part of the Poland - EU pre-accession agreement (established in March 2001), Poland approved a 21,000 ton duty-free import quota for poultry meat from the EU. This tariff elimination resulted in a significant increase in imports from the EU at the expense of imports from the United States. As a result, imports of poultry meat from the U.S. dropped by more than 50 percent in 2001. It is forecast that imports from the U.S. will continue to decline in 2003 while imports from the EU will increase.

In 2001, exports of chicken meat and products grew by more than 30 percent due to increased exports to EU member states. Higher exports to the EU compensated for decreased sales to Eastern European markets. Increasing exports to the EU resulted from introduction of a zero tariff, 36,000 ton import quota for poultry meat and poultry meat products beginning January 1, 2001.

Poland is a major transshipment point for U.S. poultry meat shipments to Belarus, Ukraine and Moldova. Trade sources indicate that recent annual average transshipments range from 60,000 to 80,000 tons per year and are expected to retain this rate in 2002.

For the first time ever in 2001, rising U.S. turkey meat imports exceeded declining chicken meat imports. Imports of turkey meat from the United States increased by 130 percent in 2001. The increase in imports from the U.S. reflected higher overall demand for frozen turkey for processing.

Most turkey meat produced in Poland is processed and turkey is often used in place of pork in sausages. Compared with other meats, there is no tradition of fresh turkey meat consumption. However, consumption has begun to increase as prices of fresh and frozen turkey (imported) become more competitive and as Poles perceive it as a healthier product.

Advantages	Challenges
Chicken meat imports grew 35% in 2001	EU imports exceeded U.S. exports due to the elimination of tariffs and the relatively low exchange rate of the Euro vs. the Polish zloty
U.S. turkey meat imports increased 130% in 2001	U.S. poultry imports will be blocked upon Poland's accession to the EU, unless the U.S. and EU can resolve the dispute regarding U.S. poultry meat access to the EU.

Annual per capita consumption of chicken meats increased from 14.3 kg to 16.5 kg between 2000 and 2001.	Reduced pork prices are expected to negatively affect chicken meat consumption in 2003.
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## Section II. Market Sector Opportunities and Threats

### **Food Processing**

#### *1) Entry Strategy*

The poultry industry in Poland is an established market with the most favorable means of entry being through contacting the U.S.A. Poultry & Egg Export Council and working with existing companies (ranked below).

#### *2) Market Size, Structure, Trends*

Growth of poultry meat consumption stems primarily from relatively lower prices of poultry meat compared with red meats. Strong consumer demand for poultry meat partially is a result of the concerns with beef aggravated by Poland's first two confirmed BSE cases in May and August 2002. It is expected that decreasing pork prices in 2002 will reduce substitution of pork by poultry meat and affect demand for poultry meat in 2003. Nevertheless, consumption of chicken and turkey meat continue to grow as Poles become more health conscious and substitute poultry for other meats. The growing number of fast food restaurants also has stimulated demand for poultry meat.

#### *3) Company Profiles*

The following are the top companies regarding imports/transshipment of poultry products:

<b><i>Import/Export Brokers</i></b>	<b><i>Transshipment</i></b>
<i>1. Pekpol</i>	<i>1. Poland Services</i>
<i>2. Omonia</i>	<i>2. Hudson Foods Poland</i>
<i>3. Jomar Export-Import</i>	

## Section III. Costs & Prices

Data comparing domestic wholesale prices of chicken and turkey meat versus imported products indicates that turkey meat imports likely grew due to lower prices for imported turkey meat. There is no such price advantage for imported chicken meat. This data only became available since December 2001.

**Wholesale Prices of Chicken Quarters and Turkey Thighs (in zlotys per kilogram)**

	<i>Chicken quarters</i>		<i>Turkey thighs (boneless)</i>	
	<i>Domestic prod.</i>	<i>Imported</i>	<i>Domestic prod.</i>	<i>Imported</i>
<i>March 2002</i>	3.80	4.00	7.90	6.80
<i>Feb 2002</i>	4.00	4.00	7.90	6.80
<i>Jan 2002</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
<i>Dec 2001</i>	4.80	3.90	8.40	7.40

Exchange rate: \$1.00 = 4.17 zlotys (date of quote: 07/16/2002)

Source: Bulletin of the National Council of Poultry Industry

In 2002, the import quota for poultry meat totals 47,736 tons. The within quota tariff rate is the 30 percent (min. 0.3 EUR/kg) while the above quota tariff rate is 60 percent (min. 0.6 EUR/kg). To qualify for within quota tariff rate, importers of poultry meat must obtain a permit from the Ministry of Agriculture for each contract. Multiple permits are often required as the Ministry of Agriculture issues permits for a maximum of 100 MT at one time. After documenting that the product has been sold, the importer may apply for another permit. Traders complain that this procedure is a major obstacle in importing poultry meat.

In 2001, 90 percent of the duty free-36,000 ton quota for poultry meat exports to the EU was utilized in the form of chicken, goose, duck, and turkey meat. Duty-free access to the EU stimulated higher export prices which rose from \$2.61 per kilogram to \$3.05 for frozen chicken parts.

## **Section IV. Market Access**

It is expected that Poland will accede to the European Union in 2004. If Poland acquires EU membership, U.S. poultry meat will be barred entry when Poland fully institutes EU import requirements, unless the EU and the United States can resolve the ongoing trade dispute over U.S. poultry meat access to the EU. Poland will rigidly implement

EU requirements as early as six months prior to actual accession. This would mean that such restrictions could arise as early as July 2003 if it appears that the Polish government will be successful in its bid to join the EU by January 2004. Current indications are that Polish authorities may continue to permit transshipments of U.S. poultry meat to Eastern European markets following EU accession. U.S. poultry meat transshipments are already permitted by such current EU member states as Germany and Greece.

There has been periodic domestic poultry producer opposition to poultry meat imports. Producers blamed imports for declining Polish poultry meat prices even though imports account for  $\leq 5\%$  of total supplies. Further, protectionist elements also accused divergence of transshipments onto the domestic market as another reason for slumping prices. However, Poland has a strict control system to ensure transshipments exit the country. All government and trade sources indicate that such divergence rarely, if ever, occurs. Perhaps as a consequence of domestic producer pressures, in conjunction with Poland's Feb. 2002 new veterinary law, the government instituted higher transshipment Customs deposits as well as additional veterinary certificate Polish language requirements. These have hindered but not stopped transshipments.

All poultry meat imported into Poland must be accompanied by a health certificate issued by a government-approved veterinarian from the exporting country. Products sold in Poland and stored in the country for transshipment must also meet Poland's standards for storage conditions of poultry meat and validity of the products depending on conditions and temperature of storage. (See Gain Report #1002 on Polish Norms). Each box containing poultry meat must be labeled in Polish and should include the date of production expressed in numbers (not as a bar code), along with the name of the producer and the product's name.

## **Section V. Key Contacts and Further Information**

-Embassy of the United States of America  
Office of Agricultural Affairs, Warsaw Poland  
Wayne Molstad, tel: 48 22 628 2460, e-mail: [agwarsaw@fas.usda.gov](mailto:agwarsaw@fas.usda.gov)

-U.S.A. Poultry and Egg Export Council  
Lisa Sandblom, tel: 46 498 273 900, e-mail: [usapeec@telia.com](mailto:usapeec@telia.com)

-National Veterinary Inspectorate, Warsaw  
Dr. Piotr Kolodziej, tel: 022 628 85 11, e-mail: [p.kolodziej@wetgiw.gov.pl](mailto:p.kolodziej@wetgiw.gov.pl)

-Border Veterinary Inspection, Gdynia Port  
Andrzej Krolikowski, tel: 058 621 94 24

- Gain Report #1002 "Polish Norms"

- Gain Report “Livestock and Products 2002”
- Gain Report #2012 “Impact of Outbreak of BSE on Beef Consumption and Exports”
- Gain Report #2010 “Grain & Feed Annual”